

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**HB 2331 – SB 2373**

March 9, 2016

**SUMMARY OF ORIGINAL BILL:** Eliminates the requirement that a healthcare services provider be at a hospital or other qualified site for the service to be considered telehealth services for insurance purposes. Requires a health insurance entity to reimburse for healthcare services provided during a telehealth encounter on the same basis and at least at the same rate that the health insurance entity is responsible for coverage for the provision of the same service through in-person encounters without any distinction or consideration of the geographic location, or any federal, state, or local designation or classification of the geographic area where the patient is located. Effective date July 1, 2016

**CORRECTED FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Expenditures - \$12,910,800

Increase Federal Expenditures - \$23,783,700

Increase Local Expenditures – Exceeds \$5,200

**CORRECTED IMPACT TO COMMERCE OF ORIGINAL BILL:**

Increase Business Revenue - \$36,699,700

Increase Business Expenditures – Less than \$36,699,700

**SUMMARY OF AMENDMENT (013558):** Deletes all language of the original bill. Requires a health insurance entity to reimburse and provide coverage for healthcare services provided during a telehealth encounter without any distinction or consideration of the geographic location, or any federal, state, or local designation or classification of the geographic area where the patient is located. Effective date January 1, 2017.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**NOT SIGNIFICANT**

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Assumptions for the bill as amended:

- Based on information provided by the Bureau of TennCare, the proposed legislation will not have an effect on current reimbursement policies and procedures; therefore, any fiscal impact would be not significant.
- Based on information provided by the Department of Finance and Administration Division of Benefits Administration, the proposed legislation removes the rate parity provision; any fiscal impact will be not significant.

## **IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:**

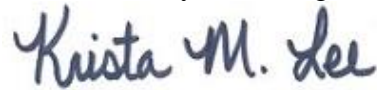
**Other Fiscal Impact – Health care providers will see an increase in services as health insurance entities will be required to reimburse and provide coverage for telehealth services without any consideration of geographic location. However, due to multiple unknown factors, any increase in business revenue and business expenses for health care providers and health care insurers cannot be quantified with reasonable certainty.**

Assumption for the bill as amended:

- It is likely that health insurance entities will see an increase in telehealth services due to the fact that they are to reimburse for healthcare services without any consideration of geographic location. Due to multiple unknown factors, this impact cannot be quantified.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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